

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|---|---|-----------------|
| THE APPLICATION OF THE ATMOS ENERGY |) | |
| CORPORATION, THROUGH ITS DIVISION, |) | |
| WESTERN KENTUCKY GAS COMPANY, FOR AN |) | |
| ORDER AUTHORIZING THE CREATION AND |) | CASE NO. 95-309 |
| ISSUANCE OF ADDITIONAL SHARES OF COMMON |) | |
| STOCK FOR THE PURPOSE OF MERGER |) | |

O R D E R

On July 14, 1995, Western Kentucky Gas Company ("Western"), a division of Atmos Energy Corporation ("Atmos"), filed an application seeking authority to create and issue up to 400,000 shares of its common stock, without par value, to a wholly owned subsidiary. Western is subject to the jurisdiction of the Kentucky Public Service Commission ("Commission"); however, as a division of Atmos, it does not have a separate capital structure, and the securities are to be issued by Atmos subject to the approval of this Commission.

The proposed stock will be issued to Oceana Heights Acquisition Corporation ("Acquisition Corp.") which was created to facilitate a merger between Atmos and Oceana Heights Gas Company ("Oceana"), a gas utility serving customers in Louisiana. The transaction is to be accomplished through a tax-free merger for a total purchase price of up to \$6,438,000. After exchanging the proposed stock for all the outstanding shares of Oceana stock, Acquisition Corp. will then merge with Atmos, with the acquired utility properties being operated as part of Atmos's Louisiana

operation. No acquisition or construction of any property or facilities within the Commonwealth of Kentucky is proposed. Atmos does not anticipate any changes in Western's financial performance, management, or operations.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the creation and issuance of the above securities by Atmos are for lawful objects within the corporate purposes of Atmos's utility operations, are necessary and appropriate for and consistent with the proper performance of its service to the public, and will not impair its ability to perform that service, and are reasonably necessary and appropriate for such purposes, and should therefore be approved. In approving the creation and issuance of stock to facilitate the purchase of Oceana, the Commission makes no determination herein regarding the merits of the transfer or whether or not the transfer requires approval pursuant to KRS 278.030(4) or (5).

IT IS THEREFORE ORDERED that:

1. Atmos be and it hereby is authorized to create and issue up to 400,000 shares of its common stock to Acquisition Corp. at a value not to exceed \$6,438,000.
2. The common stock issuance authorized herein shall be used only for the lawful purposes set out in the application.
3. Atmos shall, within 30 days of the issuance authorized herein, file with this Commission a statement setting forth the

date of issuance, as well as the date, actual or projected, of the completion of the merger.

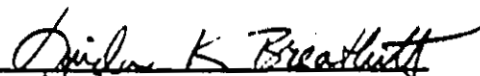
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 12th day of September, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director